



*Financial Report*

*December 31, 2011*



Aerial View of Fab 8 with Saratoga Lake in background – Summer 2011

(photograph courtesy of GlobalFoundries)

*TOWN OF MALTA, NEW YORK*  
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*DECEMBER 31, 2011*

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## **TOWN OF MALTA**

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***TOWN OF MALTA, NEW YORK***  
***MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)***  
***DECEMBER 31, 2011***

To the Members of the Town Board and Town Residents  
Town of Malta, New York

The accompanying management discussion and analysis of the Town of Malta's ("the Town") financial performance has been prepared to provide an overview of the Town's financial activities for the fiscal year ended December 31, 2011. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

- Commencement of construction of the Luther Forest Technology Campus ("LFTC") recreational field complex, which will be a combination of soccer and softball fields, began in 2011. As of December 31, 2011 \$1,379,000 had been incurred on this \$1,665,000 capital project which is funded with a contribution from GlobalFoundries of \$1,000,000 and recreation mitigation fees.
- Construction of the GlobalFoundries nanotechnology facility and Ellsworth Commons continued in 2011. These projects coupled with GlobalFoundries construction of a new administrative office building, the renovation of the Malta Mall which will be the future home of a Hannaford Supermarket and other development along Route 9 provided the Town with economic growth in 2011 as well as mitigation fees to offset these projects impacts to traffic, recreation and open space.
- Recognizing the annual impact of a post employment benefit obligation of \$450,000, the Town assigned, by Town Board designation \$869,000, in available cash in 2011.
- Total Town revenues generated in 2011 were \$9,518,000 compared to total governmental activity costs of \$11,357,000.

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**FINANCIAL HIGHLIGHTS, continued**

**USING THIS FINANCIAL REPORT**

This financial report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities and Changes in Net Assets provide information about the activities of the Town as a whole and present a comprehensive view of the Town's finances. Fund Financial Statements have also been included for the Town's governmental activities which provide information on how services were financed in the short term as well as what remains for future spending. These fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Budgetary comparison statements have also been included for the Town's significant governmental funds.

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is "Has the Town's financial condition as a whole improved or declined as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities and Changes in Net Assets provide information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. You can think of the Town's net assets -- the difference between assets, what the citizens own, and the liabilities, what the citizens owe, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets is one indicator of whether its financial health is improving or deteriorating. You will need to consider the other nonfinancial factors, however, such as changes in the Town's property and sales tax base, population, the local economy, and the condition of the Town's capital assets (roads, buildings, parks) to assess the overall health of the Town.

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**USING THIS FINANCIAL REPORT, continued**

Reporting the Town's Most Significant Funds

Fund Financial Statements

The Town reports its operations using governmental funds. Some of these funds are required to be established by State law and others are established by the Town Board to help it control money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town uses a Townwide General Fund, a Town Outside Village General Fund, a Town Outside Village Highway Fund, a Fire Protection Fund, a Community Development Grant Fund, a Water Supply Fund, Sewer District Funds, Lighting District Funds and Capital Projects Funds to account for its various financial resources. These governmental funds focus on how monies flow into and out of those funds and the balances left at year-end that are available for spending. Governmental funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, ie., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Town as Trustee

The Town is the trustee, or fiduciary, for assets that belong to others. The Town is responsible for ensuring that the assets reported in these trust funds are used for their intended purposes. A volunteer firefighter's service award program is the Town's primary fiduciary fund.

**THE TOWN AS A WHOLE**

Net Assets

The Town's total net assets decreased from \$59.3 million a year ago to \$57.9 million this year. Our analysis below focuses on the net assets of the Town's governmental activities.

Net Assets (in Thousands)	<u>2010</u>	<u>2011</u>
Current assets	\$ 5,137	\$ 4,665
Noncurrent assets, primarily restricted cash and investments	7,805	7,732
Capital assets, net of depreciation	<u>51,021</u>	<u>51,006</u>
Total assets	<u>\$63,963</u>	<u>\$63,403</u>

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**THE TOWN AS A WHOLE** (continued)

	<u>2010</u>	<u>2011</u>
Current liabilities	\$ 1,134	\$ 1,496
Long-term liabilities	<u>3,484</u>	<u>3,812</u>
Total liabilities	<u>4,618</u>	<u>5,308</u>
Net assets:		
Invested in capital assets, net of debt	47,851	47,955
Restricted (2010 restated <sup>1</sup> )	4,821	3,957
Unrestricted	<u>6,673</u>	<u>6,183</u>
Total net assets	<u>\$59,345</u>	<u>\$58,095</u>

(1)-GlobalFoundries \$1,000,000 restricted contribution restated from unrestricted net assets to restricted net assets.

Total net assets of the Town, including contributed infrastructure, decreased by \$1,250,000 or by 2.11%. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements decreased by \$490,000 which is mainly attributable to post employment health benefits. Restricted net assets, those restricted mainly for capital projects and special purposes such as parks, open space, highway equipment, buildings and tax stabilization decreased by \$864,000 primarily due to the commencement of construction of LFTC recreational field complex.

Financial Ratios

Financial ratios are used to assess the financial stability of the Town over an extended period of time. The ratios of working capital and days cash and investment in reserve demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets demonstrate the fact the Town has not financed its working capital and days cash and investment in reserve with an increasing proportion of debt.

“Working Capital” is the amount by which current assets exceed current liabilities. The “Current Ratio”, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

**TOWN OF MALTA, NEW YORK**  
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**DECEMBER 31, 2011**

**THE TOWN AS A WHOLE (continued)**

	(financial ratios in thousands)	
	<u>2010</u>	<u>2011</u>
Working Capital	\$4,003	\$3,170
Current Ratio	4.53	3.12

“Days Cash and Investments in Reserve” represents the number of days that normal operations could continue with no revenue collection. “Liabilities to Net Assets” indicates the extent of borrowing.

	<u>2010</u>	<u>2011</u>
Days Cash and Investments in Reserve	117	99
Liabilities to Net Assets	7.78	9.14

Statement of Activities

To aid in the understanding of the Statement of Activities and Changes in Net Assets some additional explanation is needed. Particularly, the format is significantly different than the typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each function on the Town’s taxpayers or if it is self-financing through fees and grants. Some of the individual revenue items reported for each function are as follows:

General Government	Traffic Fines, Permits, Fees, Court and School Assessment Aid
Transportation	CHIPS Capital Grants, Multi-Modal State Aid, Legislative State Aid, Emergency Management Aid, Developer Contributions and Fuel Charges
Culture and Recreation	Parks and Youth Grants, Developer Recreation Fees, Mitigation Fees, Recreation Program Fees and Contributions

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**THE TOWN AS A WHOLE (continued)**

Home and Community Services      Building and Planning Fees, Sewer Charges,  
 Planning Grants and Mitigation Fees

All other governmental revenues are reported as general revenues. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

The table below focuses on the changes in net assets (in thousands) of the Town's governmental activities.

	<u>2010</u>	<u>2011</u>
Revenues		
Fees, fines and charges for services	\$3,245	\$ 2,893
Operating grants and contributions	62	212
Capital grants and contributions	3,971	453
Property taxes	1,298	1,416
Franchise taxes	152	157
Sales taxes	3,611	3,753
Mortgage taxes	762	467
State aid	26	26
Use of money and property	137	127
Disposal of property	<u>(67)</u>	<u>14</u>
Total revenues	<u>13,197</u>	<u>9,518</u>
Expenses		
General government	1,525	1,681
Public safety	1,282	1,406
Health	409	397
Transportation	3,656	3,761
Economic assistance	16	15
Culture and recreation	1,557	1,680
Home and community service	<u>2,390</u>	<u>2,417</u>
Total expenses	<u>10,835</u>	<u>11,357</u>
Increase (decrease) in net assets	<u>\$ 2,362</u>	<u>\$ (1,839)</u>

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**THE TOWN AS A WHOLE** (continued)

The Town's total revenues decreased by 28% (\$3,679,000) as the Town's total expenses increased by 5% (\$522,000). Significant factors resulting in these changes are as follows:

- Fees, fines and charges for services decreased primarily due to the Town receiving in 2010 approximately \$695,000 in building permits fees relating to the construction of the GlobalFoundries nanotechnology facility and the Ellsworth Commons project which is offset in 2011 by approximately \$64,000 in tool inspection permits fees and \$108,000 in building permits fees relating to the Hannaford project and GlobalFoundries administration building.
- As a result of the Townwide Generic Environmental Impact Statement approximately \$1,241,000 and \$212,000 in mitigation fees were received in 2010 and 2011 respectively to mitigate new development impacts to traffic, recreation and open space. Fees received in 2010 were primarily attributable to the GlobalFoundries and Ellsworth Commons projects and in 2011 to the Hannaford project and projects on Route 9.
- Grants and contributions revenues vary from year to year due to the particular projects undertaken and competitiveness of available grant funding. Primarily the decrease in capital grants and contributions is due to the Town received Multi-Modal Grant funding and developer contributions of \$2,220,000 in 2010 to complete the LFTC Road Project. In 2011 the Town is eligible for disaster aid of approximately \$112,000 relating to Hurricane Irene which has been reflected in operating grants and contributions.
- Property taxes increased by \$118,000 as a result of increases in fire protection services contracts as the Town continues to fund capital and operating needs as identified in the fire protection master plan.
- Sales tax revenue increased in 2011 by \$142,000 or 3.9 % due to rebounding economy.
- In 2010 the Town's share of mortgage tax benefited from the commencement of construction of the Ellsworth Commons project, however in 2011 the slowing housing market appears to have impacted the Town with mortgage tax revenues which decrease from \$762,000 in 2010 to \$467,000 in 2011. (Town's annual 10 year average - \$660,000.)
- Engineering consulting services, primarily relating the GlobalFoundries Project, continue to be a major expense of the Town (\$1,471,000 in 2011 and \$1,503,000 in 2010), however these costs are reimbursed by developers through Town managed escrow accounts.

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**THE TOWN AS A WHOLE (continued)**

- Other additional factors contributing to the increase in expenses are increasing retirement contribution rates and health insurance premiums totaling approximately \$113,000. Additionally, the Town's estimated cost of post employment health benefits on annual basis is approximately \$450,000.

The Town's Funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$11.0 million, which is below last year's total of \$11.9 million. The combined fund balance of \$11.0 million includes \$ 6.5 million of restricted and committed funds for such items as open space protection, parks, highway equipment, buildings, road projects, mitigation projects, capital projects and tax stabilization. The Town has also assigned \$869,000 of its fund balance towards the Town's post employment health insurance obligation. With prudent spending and sound budgeting techniques, the Town was able to minimize the decrease in the Town's fund balances, however the Town did commence construction of the LFTC recreational field complex which represents approximately \$715,000 of the decrease in the total fund balance.

The following schedule presents a summary of the combined statement of revenues and expenditures of the Town's governmental funds for the fiscal years ended December 31, 2010 and 2011.

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2010</u>	<u>2011</u>
Revenues		
Real property taxes	\$ 1,298	\$ 1,416
Non-property tax items	3,764	3,910
Departmental income	4,426	2,692
Fines and forfeitures	306	354
State and federal aid	2,906	806
Other general revenues	<u>607</u>	<u>376</u>
Total revenues	<u>\$13,307</u>	<u>\$ 9,554</u>

*TOWN OF MALTA, NEW YORK*  
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**THE TOWN AS A WHOLE (continued)**

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2010</u>	<u>2011</u>
Program Expenditures		
General government support	\$ 1,240	\$ 1,334
Public safety	1,279	1,400
Health	417	396
Transportation	3,865	1,711
Economic assistance	16	15
Culture and recreation	1,051	2,359
Home and community	2,149	2,152
Employee benefits	734	847
Debt Service	<u>256</u>	<u>256</u>
Total expenses	<u>\$11,007</u>	<u>\$10,470</u>

The Town's total fund revenues decreased by 22.2% (\$3,753,000) in 2011 while the Town's total fund expenditures decreased by 4.9 % (\$537,000). The significant factors resulting in these changes are as follows:

- As mentioned previously the Town received various fees and permits in 2010 relating to the commencement of construction of the GlobalFoundries nanotechnology facility and Ellsworth Commons project which was offset to some degree with fees from 2011 projects.
- In 2010 the Town incurred approximately \$2,220,000 to complete construction of the LFTC Road Project which was funded with the NYS Multi-Modal grants and developer contributions.
- Contractual obligations for fire protection and the related tax levy increased in 2011 as the Town continues to provide additional funding for capital and operating needs as identified in the fire protection master plan.
- Approximately \$1,375,000 was incurred in recreation expenditures in 2011 with the commencement of construction of the LFTC recreational field complex.
- Rising retirement contributions rates and health insurance premiums resulted in an increase of approximately \$113,000 in employee benefit costs in 2011.

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**THE TOWN AS A WHOLE** (continued)

- Approximately, \$62,000 was expended in 2011 for Town Facility master planning and the proposed Highway Garage Expansion project.
- GlobalFoundries has contested their tax assessment for 2010 and 2011. The Town has engaged counsel and experts to defend the assessment value and a portion of these services are reimbursed from two local school districts. The Town incurred approximately \$75,000 and \$148,000, in 2010 and 2011 respectively, to defend these assessments.

Budgetary Highlights:

Over the course of the year, the Town Board revised the Town's budget numerous times. These budget amendments fall into three categories. The first category includes amendments for encumbrances that are carried forward from the prior year. The second category includes changes that the Town Board approves between intradepartment line items and between departments line items for unforeseen expenditures and to prevent budget overruns. Finally, the Town provides for the appropriation of unappropriated cash surplus, unanticipated revenues and reserve funds.

In 2011 Town amended it's budget for the following significant transactions:

- Authorized supplemental appropriations of \$1,431,000 and related developer contributions for inspection services relating to the construction of the GlobalFoundries nanotechnology facility and other development projects in the Town.
- Authorized \$60,000 increase for professional fees to defend assessments and provide for increase in estimated revenues for school district contributions toward the litigation.
- Authorize \$176,000 to be expended from Highway Equipment Reserve for the purchase of a new highway truck.
- Authorize increase in highway appropriations and estimated revenues for Hurricane Irene clean-up and repairs \$67,000.
- Amended 2011 Adopted Budget for 2010 encumbrances \$116,000.

Even with these adjustments, the actual charges to appropriations (expenditures) including outstanding encumbrances were approximately \$504,000 below the final budgeted amounts. Resources available for appropriation were \$233,000 above the final budgeted amount.

*TOWN OF MALTA, NEW YORK*  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)*  
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**THE TOWN AS A WHOLE (continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets:

At the end of 2011, the Town had \$73.9 million invested in a broad range of capital assets, including land and improvements, buildings and improvements, infrastructure, and equipment,

Capital Assets at Year-end

	(In Thousands)	
	<u>2010</u>	<u>2011</u>
Land	\$ 2,115	\$ 2,121
Land improvements	1,863	1,884
Buildings and improvements	9,530	9,542
Infrastructure	53,821	54,712
Equipment	4,064	4,015
Work in progress	<u>131</u>	<u>1,614</u>
Totals	<u>\$71,524</u>	<u>\$73,888</u>

This year's major additions included (in thousands):

Purchase of highway and other equipment	\$ 47
Resurfacing and reconstruction of Town roads	394
Park and trail planning and construction	1,496
Culvert replacement project	13
Infrastructure dedicated to Town from local developers	569
Meditation Garden dedicated to Town	<u>21</u>
	<u>\$ 2,540</u>

**TOWN OF MALTA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

Major capital projects and acquisitions planned for 2012 are as follows (in thousands):

Construction of trails	\$ 1,000
Park development	\$ 1,049
Highway garage expansion project	\$ 1,500
Equipment purchases	\$ 358
Road resurfacing projects	\$ 520

The Town's intention is to finance the majority of these projects with current budgetary appropriations, existing capital reserves and unappropriated fund balance, mitigation fees, and grants except for a portion of the Highway Garage Expansion project which might have to be bonded.

Debt:

The Town's debt policy and State law limits the amount of general obligation debt that the Town can issue to 7% of the average full value assessment of all taxable property within the Town over the last five years. In 2008 the Town issued \$3,400,000 in serial bonds to finance a portion of the community center expansion project. These twenty year bonds bear interest at 3.915% and as of December 31, 2011 \$3,050,000 in bonds was outstanding. In order to perform the necessary improvements to Downtown Sewer District #1, the Sewer District issued bonds in 2005 in the amount of \$100,000 bearing interest at 4% which were purchased by the Town's Highway Capital Equipment Reserve. As of December 31, 2011, \$40,000 in bonds was outstanding relating to this project.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when setting the 2012 budget and tax rates. One of those factors is the economy. The Town is poised to experience growth at a nominal pace both from a commercial and residential standpoint due to the on-going construction of the GlobalFoundries nanotechnology facility in the Luther Forest Technology Campus. Property assessments for fire protection increased from 1,668 million in 2011 to 1,933 million in 2012 primarily due to the nano-technology facility. The Town estimates its population has grown from its 2010 census count of 14,765.

These factors, along with national and regional trends, were taken into account when adopting the Town's budget for 2012. Projected 2012 estimated revenues were \$8.5 million as compared

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, (continued)**

to \$7.6 million in the adopted 2011 budget. A general town tax levy of \$243,000 was provided to fund the library and the service award program for the volunteer ambulance workers. There will be no highway tax for the eleventh consecutive year and the Town's fire protection tax rate will remain the same at \$.8240 per thousand.

Budgeted expenditures have increased from \$7.8 million to \$8.9 million which includes an annual appropriation of \$291,000 for library services as set forth in referendum approved by Town residents. The Town believes good budgeting and effective management will enable the Town to finance the programs we currently offer and offset the effect that we expect inflation to have on program costs. Included in the 2012 adopted budget are the following items:

- COLA salary increases, rising employee benefit costs and staffing changes
- Technology improvements and miscellaneous equipment
- Infrastructure maintenance
- Building maintenance costs
- Snow removal costs
- Park and recreation planning, improvements and maintenance
- Community planning
- Library services
- Contractual increases for fire protection services

If these estimates are realized, the Town's fund balance is expected to decrease by approximately \$63,000 in 2012. Except the capital projects previously identified in the Capital Asset section of this discussion and the approved voter referendum to provide an annual appropriation of \$291,000 for library services, the Town has not added any new major programs or initiatives to the 2012 budget.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with an overview of the Town's financial resources and to demonstrate the Town's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the Town Comptroller's Office at the Town of Malta, 2540 Route 9, Malta, New York 12020.

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AND  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Board  
Town of Malta, New York

We have audited the accompanying financial statements of the Town of Malta, New York, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Town of Malta, New York's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Malta, New York, as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 13 and pages 23 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2012 on our consideration of the Town of Malta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Cusack & Company, CPA's LLC*

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
April 18, 2012

**TOWN OF MALTA, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

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**ASSETS**

Current assets:	
Cash and cash equivalents	\$3,094,771
Other receivables	391,070
State and federal receivables	298,361
Due from other governments	735,197
Prepaid expenses	94,841
Inventory	<u>51,335</u>
Total current assets	<u>4,665,575</u>
Noncurrent assets:	
Restricted assets	
Cash, cash equivalents and investments	7,641,378
Service award	68,144
Note receivable	22,500
Capital assets, net of accumulated depreciation	
Land	2,121,584
Infrastructure and land improvements, net	40,572,421
Buildings, property and equipment, net	<u>8,311,514</u>
Total noncurrent assets	<u>58,737,541</u>
Total assets	<u>\$63,403,116</u>

**LIABILITIES**

Current liabilities:	
Accounts payable and accrued liabilities	\$ 911,508
Due to other governments	238,929
Unearned revenues	190,881
Benefits payable	29,726
Current portion of bonds	<u>125,000</u>
Total current liabilities	<u>1,496,044</u>
Noncurrent liabilities:	
Benefits payable	886,977
Bonds	<u>2,925,000</u>
Total long-term liabilities	<u>3,811,977</u>
Total liabilities	<u>5,308,021</u>

**COMMITMENTS AND CONTINGENCIES**

**NET ASSETS**

Invested in capital assets, net of related debt	47,955,519
Restricted for:	
Open space, parks and recreation	1,989,333
Building	760,391
Transportation	770,078
Tax stabilization	373,769
Ensuing year's budget	63,255
Unrestricted	<u>6,182,750</u>
Total net assets	<u>58,095,095</u>
Total liabilities and net assets	<u>\$63,403,116</u>

See accompanying notes and independent auditor's report

**TOWN OF MALTA, NEW YORK**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Program Revenues</u>	<u>Capital Fees, Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
			<u>Operating Grants and Contributions</u>		
General Government	\$ 1,680,875	\$ 487,772	\$ 316	\$ 13,984	\$ (1,178,803)
Public Safety	1,405,389	-	3,400	-	(1,401,989)
Health	397,234	-	-	-	(397,234)
Transportation	3,761,187	40,928	182,063	337,190	(3,201,006)
Economic assistance	14,829	-	3,024	-	(11,805)
Culture and recreation	1,680,290	298,302	6,857	101,603	(1,273,528)
Home and community services	<u>2,417,182</u>	<u>2,066,272</u>	<u>16,742</u>	<u>-</u>	<u>(334,168)</u>
Total governmental activities	<u>\$11,356,986</u>	<u>\$2,893,274</u>	<u>\$212,402</u>	<u>\$452,777</u>	<u>(7,798,533)</u>
General revenues:					
Property taxes					1,415,736
Franchise taxes					157,335
Sales taxes					3,752,489
Mortgage taxes					466,923
State aid					25,627
Use of money and property					126,996
Disposal of property					<u>14,024</u>
Total general revenues					<u>5,959,130</u>
Change in net assets					(1,839,403)
Net assets, beginning					59,344,652
Contributed infrastructure					<u>589,846</u>
Net assets, ending					<u>\$58,095,095</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK  
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS  
 DECEMBER 31, 2011

	Townwide General	Town		Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
		Outside Village General	Outside Village					
Cash and cash equivalents	\$862,313	\$836,362	\$501,101	\$46,731	\$213,694	\$17,938	\$2,478,139	
Other receivables	281,450	175,502	2,260	30,166	21,000	-	510,378	
State and Federal receivables	152,250	3,208	112,317	-	30,586	-	298,361	
Due from other governments	357,197	108,000	270,000	-	-	-	735,197	
Due from other funds	65,605	-	-	-	-	-	65,605	
Prepaid expenses	49,732	17,602	27,507	-	-	-	94,841	
Restricted cash, cash equivalents and investments	1,280,409	3,949,414	1,464,725	-	986,830	-	7,681,378	
Note receivable	22,500	-	-	-	-	-	22,500	
Inventory	4,209	-	47,126	-	-	-	51,335	
Total assets	\$3,075,665	\$5,090,088	\$2,425,036	\$76,897	\$1,252,110	\$17,938	\$11,937,734	

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
 DECEMBER 31, 2011

	Townwide General	Town		Fire Protection	Total Capital Projects	Other Governmental Funds	Total
		Outside Village General	Outside Village Highway				
Liabilities							
Accounts payable and accrued liabilities	\$106,523	\$157,896	\$51,617	\$24,425	\$92,635	\$11,711	\$444,807
Due to other governments	207,981	-	-	30,166	-	782	238,929
Unearned revenue	92,976	-	136,366	-	23,000	-	252,342
Due to other funds	-	-	-	-	-	155	155
Compensated absences	15,794	9,713	1,525	-	-	-	27,032
Total liabilities	423,274	167,609	189,508	54,591	115,635	12,648	963,265

COMMITMENTS AND CONTINGENCIES

Fund Balances							
Nonspendable	76,441	17,602	74,633	-	-	-	168,676
Restricted	931,742	1,128,212	912,442	-	921,175	-	3,893,571
Committed	-	2,653,747	-	-	-	-	2,653,747
Assigned	359,170	1,122,918	1,248,453	22,306	215,300	5,290	2,973,437
Unassigned	1,285,038	-	-	-	-	-	1,285,038
Total fund balances	2,652,391	4,922,479	2,235,528	22,306	1,136,475	5,290	10,974,469
Total liabilities and fund balances	\$3,075,665	\$5,090,088	\$2,425,036	\$76,897	\$1,252,110	\$17,938	\$11,937,734

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

REVENUES AND OTHER FINANCING SOURCES	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
Revenues							
Real property taxes	\$30,001	-	-	\$1,364,601	-	\$5,025	\$1,399,627
Real property taxes items	15,509	-	-	600	-	-	16,109
Non-property tax items	1,687,160	707,906	1,514,758	-	-	-	3,909,824
Departmental income	296,647	2,181,290	86,663	-	-	127,217	2,691,817
Intergovernmental charges	114,788	-	45,594	3,400	-	600	164,382
Use of money and property	73,187	29,092	16,732	1,043	8,693	249	128,996
Licenses and permits	4,175	-	-	-	-	-	4,175
Fines and forfeitures	353,863	-	-	-	-	-	353,863
Sale of property and compensation for loss	4,853	113	14,741	-	-	-	19,707
Miscellaneous local sources	34,789	9,233	1,548	-	13,110	-	58,680
State aid	481,223	45,564	84,695	-	99,037	-	710,519
Federal aid	-	-	95,900	-	-	-	95,900
<b>Total Revenues</b>	<b>3,096,195</b>	<b>2,973,198</b>	<b>1,860,631</b>	<b>1,369,644</b>	<b>120,840</b>	<b>133,091</b>	<b>9,553,599</b>
Other Financing Sources							
Transfers in	211,110	-	-	-	1,001,540	-	1,212,650
<b>Total Revenues and Other Financing Sources</b>	<b>\$3,307,305</b>	<b>\$2,973,198</b>	<b>\$1,860,631</b>	<b>\$1,369,644</b>	<b>\$1,122,380</b>	<b>\$133,091</b>	<b>\$10,766,249</b>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUNDS, (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2011

EXPENDITURES AND OTHER FINANCING USES	Townwide General	Town		Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
		Outside Village General	Outside Village Highway						
Expenditures									
General government support	\$1,333,656	-	-	-	-	-	-	-	\$1,333,656
Public safety	14,833	15,427	-	-	1,369,740	-	-	-	1,400,000
Health	392,972	3,300	-	-	-	-	-	-	396,272
Transportation	168,470	14,690	1,440,836	-	-	81,445	5,145	-	1,710,586
Economic assistance and opportunity	14,829	-	-	-	-	-	-	-	14,829
Culture and recreation	539,442	401,974	-	-	-	1,417,435	-	-	2,358,851
Home and community services	23,535	2,014,752	-	-	-	-	114,556	-	2,152,843
Employee benefits	408,233	169,861	269,150	-	-	-	-	-	847,244
Debt service	197,726	46,380	-	-	-	-	12,000	-	256,106
<b>Total Expenditures</b>	<b>3,093,696</b>	<b>2,666,384</b>	<b>1,709,986</b>	<b>1,369,740</b>	<b>1,498,880</b>	<b>131,701</b>	<b>10,470,387</b>		
Other Financing Uses									
Transfers out	-	1,098,540	-	-	-	113,510	600	-	1,212,650
<b>Total Expenditures and Other Financing Uses</b>	<b>3,093,696</b>	<b>3,764,924</b>	<b>1,709,986</b>	<b>1,369,740</b>	<b>1,612,390</b>	<b>132,301</b>	<b>11,683,037</b>		
Revenues and Other Financing Sources									
Over (Under) Expenditures and Other Financing Uses	213,609	(791,726)	150,645	(96)					(916,788)
Fund Balances, Beginning	2,438,782	5,714,205	2,084,883	22,402	11,909				11,898,666
Prior Period Adjustment Sewer Refund	-	-	-	-	(7,409)				(7,409)
<b>Fund Balances, Ending</b>	<b>\$2,652,391</b>	<b>\$4,922,479</b>	<b>\$2,235,528</b>	<b>\$22,306</b>	<b>\$5,290</b>	<b>\$1,136,475</b>	<b>\$10,974,469</b>		

See accompanying notes and independent auditor's report

**TOWN OF MALTA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2011**

	<b>SERVICE</b>	<b>AGENCY</b>
	<b><u>AWARD</u></b>	<b><u>FUNDS</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 53,600	\$ 45,126
Interest and other receivables	188	11,667
Investment, at fair value	<u>747,668</u>	<u>-</u>
Total assets	<u>\$ 801,456</u>	<u>\$ 56,793</u>
<b>LIABILITIES</b>		
Due to Other Funds	\$ -	\$ 290
Agency liabilities	<u>-</u>	<u>56,503</u>
Total liabilities	<u>\$ -</u>	<u>\$ 56,793</u>
<b>NET ASSETS</b>		
Held in trust for service award benefits	<u>\$ 801,456</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report.

*TOWN OF MALTA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011*

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	<u>SERVICE AWARD</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ <u>115,000</u>
Total contributions	<u>115,000</u>
Investment earnings:	
Net decrease in fair value of investments	(36,317)
Interest, dividends and capital gain distributions	<u>45,251</u>
Total investment earnings	<u>8,934</u>
Total additions	<u>123,934</u>
<b>DEDUCTIONS</b>	
Benefits	27,948
Administrative expenses	<u>10,286</u>
Total deductions	<u>38,234</u>
Changes in net assets	85,700
Net assets, beginning	<u>715,756</u>
Net assets, ending	<u><u>\$801,456</u></u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Revenues					
Real property taxes	\$30,150	\$30,150	\$30,001	-	(\$149)
Real property taxes items	9,025	9,025	15,509	-	6,484
Non-property tax items	1,710,000	1,626,500	1,687,160	-	60,660
Departmental income	287,800	293,300	296,647	-	3,347
Intergovernmental charges	42,500	102,500	114,788	-	12,288
Use of money and property	62,500	62,500	73,187	-	10,687
Licenses and permits	3,500	3,500	4,175	-	675
Fines and forfeitures	315,000	315,000	353,863	-	38,863
Sale of property and compensation for loss	2,000	2,000	4,853	-	0
Miscellaneous local sources	11,100	41,150	34,789	-	2,853
State aid	518,100	526,000	481,223	-	(6,361)
<b>Total Revenues</b>	<b>2,991,675</b>	<b>3,011,625</b>	<b>3,096,195</b>	<b>-</b>	<b>84,570</b>
Other Financing Sources					
Transfers in	125,600	137,600	211,110	-	73,510
<b>Total Revenues and Other Financing Sources</b>	<b>\$3,117,275</b>	<b>\$3,149,225</b>	<b>\$3,307,305</b>	<b>-</b>	<b>\$158,080</b>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Adjustments/ <u>Encumbrances</u>	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
General government support	\$1,261,450	\$1,397,397	\$1,333,656	\$4,516	\$59,225
Public safety	15,724	16,274	14,833	-	1,441
Health	411,500	411,500	392,972	-	18,528
Transportation	143,746	187,056	168,470	6,000	12,586
Economic assistance and opportunity	13,700	18,200	14,829	-	3,371
Culture and recreation	577,280	594,995	539,442	7,887	47,666
Home and community services	53,000	29,300	23,535	-	5,765
Employee benefits	502,372	468,572	408,233	-	60,339
Debt service	197,726	197,726	197,726	-	0
Total Expenditures	3,176,498	3,321,020	3,093,696	18,403	208,921
Revenues and Other Financing Sources Over (Under) Expenditures	(59,223)	(171,795)	213,609	18,403	367,001
Budgetary earnings and provisions for reserves	(6,500)	(6,500)			6,500
Fund balance appropriated	65,723	178,295			-178,295
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$0	\$0	\$213,609	\$18,403	\$195,206

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Non-property tax items	\$745,000	\$706,000	\$707,906	-	\$1,906
Departmental income	520,400	1,991,400	2,181,290	-	189,890
Use of money and property	21,600	21,600	29,092	-	7,492
Sale of property and compensation for loss	-	-	113	-	113
Miscellaneous local sources	13,500	13,500	9,233	-	(4,267)
State aid	29,000	49,000	45,564	-	(3,436)
Federal aid	-	60,000	-	-	(60,000)
<b>Total Revenues</b>	<b>\$1,329,500</b>	<b>\$2,841,500</b>	<b>\$2,973,198</b>	<b>-</b>	<b>\$131,698</b>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted Budget	Final Budget	Actual	Adjustments/ Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
<b>Expenditures</b>					
General government support	\$10,000	-	-	-	-
Public safety	16,580	22,580	15,427	-	7,153
Health	3,900	3,900	3,300	-	600
Transportation	22,500	22,500	14,690	-	7,810
Culture and recreation	484,325	428,325	401,974	3,660	22,691
Home and community services	604,445	2,204,267	2,014,752	37,466	152,049
Employee benefits	190,900	192,100	169,861	-	22,239
Debt service	46,380	46,380	46,380	-	-
<b>Total Expenditures</b>	<b>1,379,030</b>	<b>2,920,052</b>	<b>2,666,384</b>	<b>41,126</b>	<b>212,542</b>
<b>Other Financing Uses</b>					
Transfers out	25,000	1,098,540	1,098,540	-	-
<b>Total Expenditures and Other Financing Uses</b>	<b>1,404,030</b>	<b>4,018,592</b>	<b>3,764,924</b>	<b>41,126</b>	<b>212,542</b>
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>					
	(74,530)	(1,177,092)	(791,726)	41,126	344,240
<b>Budgetary earnings and provisions for reserves</b>					
	(43,600)	(43,600)			43,600
Fund balance appropriated	118,130	1,220,692			(1,220,692)
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>					
	\$0	\$0	(\$791,726)	\$41,126	(\$832,852)

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE HIGHWAY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Non-property tax items	\$1,500,000	\$1,515,000	\$1,514,758	-	(\$242)
Departmental income	123,100	123,100	86,663	-	(36,437)
Intergovernmental charges	30,000	41,250	45,594	-	4,344
Use of money and property	18,200	22,200	16,732	-	(5,468)
Sale of property and compensation for loss	-	13,500	14,741	-	1,241
Miscellaneous local sources	800	800	1,548	-	748
State aid	63,000	76,250	84,695	-	8,445
Federal aid	-	52,500	95,900	-	43,400
<b>Total Revenues</b>	<b>\$1,735,100</b>	<b>\$1,844,600</b>	<b>\$1,860,631</b>	<b>-</b>	<b>\$16,031</b>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE HIGHWAY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted Budget	Final Budget	Actual	Adjustments (1)/ Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
Transportation	\$1,451,500	\$1,764,400	\$1,440,836	\$250,984	\$72,580
Employee benefits	306,400	279,000	269,150	-	9,850
Total Expenditures	1,757,900	2,043,400	1,709,986	250,984	82,430
Revenues Over (Under) Expenditures	(22,800)	(198,800)	150,645	250,984	98,461
Budgetary earnings and provisions for reserves	(8,200)	167,800	-	(176,000)	8,200
Fund balance appropriated	31,000	31,000	-	-	(31,000)
Revenues Over (Under) Expenditures	\$0	\$0	\$150,645	\$74,984	\$75,661

(1) - Includes \$31,500 for future LFTC  
 Road Improvements

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK  
 BUDGETARY COMPARISON STATEMENT - FIRE PROTECTION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Real property taxes	\$1,364,600	\$1,364,600	\$1,364,600	-	\$0
Real property taxes items	-	-	600	-	600
Intergovernmental charges	3,400	3,400	3,400	-	0
Use of money and property	1,000	1,000	1,043	-	43
Total Revenues	1,369,000	1,369,000	1,369,643	-	643
<b>EXPENDITURES</b>					
Public safety	1,254,000	1,254,900	1,254,739	-	161
Volunteer service award program	115,000	115,000	115,000	-	0
Total Expenditures	1,369,000	1,369,900	1,369,739	-	\$161
Revenues Over (Under) Expenditures	0	(900)	(96)	-	804
Fund balance appropriated	0	900	-	-	(900)
Revenues Over (Under) Expenditures	\$0	\$0	(\$96)	-	(\$96)

See accompanying notes and independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS*  
*DECEMBER 31, 2011*

Note 1      Summary of Significant Accounting Policies

The Town of Malta, New York, (the "Town") which was established in 1802, is governed by its Town Code and other general laws of the State of New York. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting councilpersons, all elected. The Town Supervisor serves as the chief executive and fiscal officer. The Town Board has also established the Office of the Town Comptroller to assist the Town Board in management of the Town.

The Town provides various services which include public safety, fire protection and emergency services, maintenance of Town roads (including construction, repair and snow removal), street lighting, parks and recreation, a community center, library, home and community services, economic assistance and other general services. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

a)      Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the Town, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement #14 and #61.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB Statements including legal standing, fiscal dependency and financial accountability.

In 2010 the GlobalFoundries/Town of Malta Foundation, Inc ("Foundation") was established which had been agreed to by the Town and GlobalFoundries, US, Inc. in the GlobalFoundries, US, Inc Development Agreement. The Foundation will provide a perpetual fund, the interest earned from which will be used to provide tangible benefits of a public nature to diverse groups located in whole or in part within the Town of Malta including, but not limited to: not-for-profit corporations; charitable organizations; community arts and theater; community historical sites and events; education; and sports and recreation. The Board of Directors of the Foundation shall consist of five (5) directors to be comprised as follows: the Town Board of the Town of Malta shall designate two (2) such directors (the "**Malta Directors**"); Globalfoundries U.S. Inc. shall designate two (2) such directors (the "**Globalfoundries Directors**"); and, the remaining

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 1      Summary of Significant Accounting Policies, continued

director shall be elected by majority vote of the Malta Directors and the Globalfoundries Directors; provided, however, that such director be a person who shall reside, work or own a business within the Town of Malta. For the purposes of these by-laws, a person employed by Globalfoundries U.S. Inc., or an affiliate thereof, shall be deemed to reside, work or own a business within the Town of Malta. The Foundation will prepare a separate financial report that includes financial statements and required supplementary information. The Foundation report may be obtained by writing to the Foundation, 107 Hermes Road, Malta, New York 12020.

Based on the application of the aforementioned criteria, the Town has determined it has no component units including the Foundation.

b)      Basis of Presentation

The Town's financial statements are presented on a government-wide, governmental fund and fiduciary fund basis in accordance with GASB Statement #34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and GASB Statement #54 - Fund Balance Reporting and Government Fund Type Definitions. As a result these financial statements include a management discussion and analysis of the Town's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the Town's activities including infrastructure (roads, bridges, culverts, sewers etc.) and a change in the focus of fund financial statements to major funds.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets.

The statement of net assets recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net assets.

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 1      Summary of Significant Accounting Policies, continued

The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the Town's programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenues include charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Town's primary program revenues are court fines, building permits, planning fees, sewer fees and recreational program charges. Revenues which are not classified as program revenues are presented as general revenues and consist primarily of property, sales and franchise taxes, investment earnings, and mortgage tax receipts.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by fund type with each major fund presented in a separate column. Non-major funds are aggregated and presented in a single column. The following funds are used by the Town:

- \* Townwide General Fund - is the Towns' primary operating fund and it is used to account for all financial resources and expenditures not accounted for and reported in another fund.
- \* Town Outside Village General Fund - used to account for and report the proceeds of specific revenues sources which are restricted by statute to expenditure on the area of the Town outside the Village for such as items as recreation, library, building and planning services other than capital projects.
- \* Town Outside Village Highway Fund – used to account for and report the proceeds of specific revenue sources which are restricted by Highway Law Section 277 to expenditure for highway repairs and improvements, culverts, machinery, snow removal, and miscellaneous highway related items for the area of the Town outside the Village other than debt service and capital projects.
- \* Fire Protection Fund - established to account for and report the proceeds of

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
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Note 1      Summary of Significant Accounting Policies, continued

specific revenues sources which are restricted for fire protection expenditures other than debt service and capital projects.

- \*      Water Supply Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of water supply expenditures other than debt service and capital projects.
- \*      Lighting District Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of lighting expenditures other than debt service and capital projects for the Rosebay/Larkspur, Rum Cherry, Ermine Lair and Burton Meadows Lighting Districts.
- \*      Sewer District Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of sewer expenditures other than capital projects for a portion of the Downtown area and the southern portion of the Town, generally known as the Malta Downtown Sewer District #1 and Malta Sewer District #2, respectively.
- \*      Community Development Block Grant Fund - established to account for and report revenues and expenditures other than debt service and capital projects relating to a New York State economic development grant received for infrastructure improvements in the Saratoga Technology and Energy Park. This fund was closed in 2011.
- \*      Capital Projects Fund - The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects ongoing as of December 31, 2011 relate to recreational improvement projects.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements include a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The Town has the following fiduciary funds:

- \*      Service Award - established to account for the assets of the Town's Volunteer Firefighter Service Award Program.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 1 Summary of Significant Accounting Policies, continued

\* Agency - established to account for the assets held in trust by the Town.

c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property, sales, franchise, and mortgage taxes, fines, grants and donations. On an accrual basis, revenue from nonexchange transactions is recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenues from grant and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in Note 9 to the financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable except that principal and interest on indebtedness are not recognized as expenditures until paid. Capital assets are recorded as expenditures and depreciation is not recorded.

Allocations of costs are not recognized in the governmental funds. In applying the susceptible-to-accrual concept under the modified accrual basis, the Town considers all revenues available if they are collected within six months of the year end and are available to pay obligations of the current period.

For reimbursements due for State and Federal Aid funded projects, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 1      Summary of Significant Accounting Policies, continued

revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax revenue item is sales tax which is recorded as revenue when it is received by the State and available for distribution to the Town. Sales tax revenue is allocated to the Townwide General fund, the Town Outside Village General fund and the Town Outside Village Highway fund based upon the Town's adopted budget.

d)      Budgetary Data

General Budget Process - Prior to October 1 of each year, the Budget Officer submits to the Town Clerk and the Town Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications of the budget. For year end financial reporting, adjustments are made to actual results to conform to modified budget classifications and reflect year end encumbrances.

Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

e)      Inventory

Inventory, consisting of salt, gasoline and books, is valued at the lower of cost, (first-in, first-out method) or market.

f)      Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair market value at the time received. Infrastructure such as roads and streets, including related drainage systems, sewage collection systems and Town owned bridges and culverts are capitalized.

Capital assets with a minimum depreciable base of \$5,000 are depreciated in the government-wide financial statements using the straight-line method with capital assets

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 1      Summary of Significant Accounting Policies, continued

below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 10 to 30 years, land improvements -15 to 20 years, infrastructure - 12 to 30 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

g)      Revenue Recognition - Property Taxes

Taxes for Town purposes are based on Town budget requirements. Taxes are collected by the Town until April 1, at which time all unpaid taxes are returned to the County and the County reimburses the Town for the Town's share of uncollected taxes. The following calendar pertains to Town real property taxes:

Valuation date	January 1
Taxable status date	March 1
Exemption filing deadline	March 1
Final roll filed	July 1
Date taxes due	January 1
Date penalty period begins	February 1

h)      Compensated Absences

Town employees are granted vacation, personal and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave at their current rate of pay. The liability for accumulated vacation and related benefits has been recorded in accordance with GASB Statement #16. No payment is made for accumulated personal or sick leave, therefore no liability has been recorded.

i)      Fund Balances

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractual required to be maintained intact.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 1      Summary of Significant Accounting Policies, continued

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well amounts that have been contractually obligated by the Town or designated by the Town Board for ensuring year's budget or for a specific purpose.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

For projects undertaken by the Town that have resources available from multiple sources and categories, resources are first spent from the highest constraint level possible.

j)      Contributed Infrastructure

Road infrastructure and parkland improvements that have been determined to be in compliance with the Town's Code are accepted by the Town from developers:

Additionally, the Town is obligated by law to accept and assume ownership of abandoned sewer systems. This infrastructure is recorded at estimated fair value and reflected as contributed infrastructure in the statement of activities.

l)      Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

m)      Subsequent Events

The Town has evaluated subsequent events or transactions occurring through April 18, 2012, the date the financial statements were available to be issued.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 2      Credit Risk, Concentration of Credit Risk and Interest Rate Risk

The Town's written investment policy was adopted by the Town Board and is governed by State statutes. Town monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Authorized investments include demand accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America, obligations of the State of New York, local municipalities, school districts or district corporations, public authorities, certificates of participation, obligations of the Town but only with monies in a reserve fund. Collateral is required for demand accounts and certificate of deposits at 100 percent of all deposits not covered by federal deposit insurance.

The Volunteer Firefighter Service Award Program is governed by a separate investment policy adopted by the Town Board. Both the Town Board and the Village of Round Lake Board are responsible for the investment of the Service Award Program's assets in accordance with the investment policy. Service award program contributions may be invested in the following types of investments: money market accounts, obligations of the United States of America, obligations of agencies of the United States of America, mutual funds investing in any type of fixed income investments, mutual funds or trusts investing in stocks of United States Companies considered blue chip stocks, allowed to include Mid Cap, Small Cap, Global, International and other categories at the discretion of the Town and the Village.

As of December 31, 2011 the Town had the following investments:

Service Award Program

Money Funds and Accrued Interest	\$ 53,788
U.S. Equities (Cost Basis \$30,103)	32,914
International Equities (Cost Basis \$39,245)	39,442
Fixed Income (Cost Basis \$415,175)	436,163
Mixed Assets (Cost Basis \$219,344)	<u>239,149</u>
Total	<u>\$ 801,456</u>

The Volunteer Firefighter Service Award Program fund investments were not covered by Federal Depository Insurance nor collateralized and thus exposed to custodial credit risk. All mutual funds had a Morningstar Associates rating of 3 or higher.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 3 Restricted Assets

Restricted assets consist of cash, certificates of deposit, sewer bonds and related receivables:

<u>Fund</u>	<u>Restricted Balance</u>	<u>Restriction</u>
Townwide General	\$ 171,351	Tax Stabilization
	24,142	Land Acquisition
	353	LFTC Campus
	324,172	Post Employment Health Insurance
	<u>760,391</u>	Building
	<u>1,280,409</u>	
 Town Outside Village General	 60,053	 Tax Stabilization
	2,653,747	Mitigation
	4,975	LFTC Campus
	162,481	Post Employment Health Insurance
	224,308	Open Space
	<u>843,850</u>	Park
	<u>3,949,414</u>	
 Town Outside Village Highway	 142,364	 Tax Stabilization
	87,051	Road Improvements
	82,964	LFTC Campus
	382,268	Post Employment Health Insurance
	545,950	Highway Equipment Reserve
	<u>224,128</u>	Culvert Repair Capital Reserve
	<u>1,464,725</u>	
 Capital Projects	 742,101	 Parks
	<u>244,729</u>	Community Center
	<u>986,830</u>	
Total restricted assets	<u>\$7,681,378</u>	

In 2005 the Town invested \$100,000 of highway equipment reserve funds in bonds for Sewer District #2 improvements. The Town Board established an interest rate of 4% for these bonds dated 2006–2015. This interfund borrowing of \$40,000 as of December 31, 2011 and related interest has been eliminated in the preparation of the statement of net assets.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 4 Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers & <u>Adjustments</u>	<u>Deletions</u>	Ending <u>Balance</u>
Land	\$ 2,115,149	\$ 6,435	\$ -	\$ -	\$ 2,121,584
Land Improvements	1,862,849	21,357	-	-	1,884,206
Work in Progress	131,396	1,496,333	-	13,721	1,614,008
Buildings	9,529,860	12,329	-	-	9,542,189
Infrastructure	53,820,579	969,581	-	78,363	54,711,797
Equipment	<u>4,064,260</u>	<u>47,465</u>	-	<u>97,103</u>	<u>4,014,622</u>
	<u>\$71,524,093</u>	<u>\$2,553,500</u>	<u>\$ -</u>	<u>\$189,187</u>	<u>\$73,888,406</u>
Less Accumulated <u>Depreciation:</u>	Beginning <u>Balance</u>	<u>Additions</u>	Transfers & <u>Adjustments</u>	<u>Deletions</u>	Ending <u>Balance</u>
Buildings	\$ 2,379,663	\$ 319,090	\$ -	-	\$ 2,698,753
Improvements	652,662	91,093	-	-	743,755
Infrastructure	15,045,566	1,926,633	-	78,363	16,893,836
Equipment	<u>2,425,507</u>	<u>217,784</u>	<u>(5,327)</u>	<u>91,420</u>	<u>2,546,544</u>
	<u>20,503,398</u>	<u>2,554,600</u>	<u>(5,327)</u>	<u>169,783</u>	<u>22,882,888</u>
Net capital assets	<u>\$51,020,695</u>	<u>\$ (1,100)</u>	<u>\$ 5,327</u>	<u>\$ (19,404)</u>	<u>\$51,005,518</u>

Work in progress consists primarily of the construction of the parks and trail improvements.

Depreciation was charged to the following functions:

General Government	\$ 59,990
Transportation	2,091,839
Culture and Recreation	383,825
Public Safety	6,832
Home and Community Services	<u>12,114</u>
Total depreciation expense	<u>\$2,554,600</u>

Note 5 Due to Other Governments

In connection with the Luther Forest Technology Campus (LFTC) Road Project, the Town entered into an inter-municipal agreement with the County of Saratoga to provide \$2,500,000 in cash to the Town, bearing interest 4%, as a means to provide the necessary advance funding for the reimbursement driven New York State Multi-Modal grant with the Luther Forest Technology Campus Economic Development Corporation ("LFTCEDC") responsible for reimbursing the Town for the interest costs being incurred by Town relating to the County agreement. As of December 31, 2010 there was no outstanding balance to the County of Saratoga pursuant to this agreement.

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**TOWN OF MALTA, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

Note 6 Noncurrent Liabilities

Noncurrent liabilities represent \$3,400,000 in General Obligation Serial Bonds issued September 2008 for the Community Center expansion with interest at 3.915% with a final maturity of 2028.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
General obligation serial bonds	<u>\$3,170,000</u>	<u>\$ -</u>	<u>\$120,000</u>	<u>3,050,000</u>

The Town's future bond debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 125,000	\$ 119,408	\$ 244,408
2013	\$ 130,000	\$ 114,514	\$ 244,514
2014	\$ 135,000	\$ 109,424	\$ 244,424
2015	\$ 140,000	\$ 104,139	\$ 244,139
2016	\$ 150,000	\$ 98,658	\$ 248,658
2017-2021	\$ 845,000	\$ 400,700	\$1,245,700
2022-2026	\$1,045,000	\$ 219,632	\$1,264,632
2027-2028	<u>\$ 480,000</u>	<u>\$ 28,384</u>	<u>\$ 508,384</u>
Total	<u>\$3,050,000</u>	<u>\$1,194,859</u>	<u>\$4,244,859</u>

Note 7 Unearned Revenue

Unearned revenue consists of developer contributions towards future capital projects (\$159,366) and community center program and rental fees not considered available (\$31,515).

Note 8 Fund Balances

	<u>Townwide General</u>	<u>Town Outside Village General</u>	<u>Town Outside Village Highway</u>	<u>Fire Protection</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>
Nonspendable:							
Inventory	\$ 4,209	\$ -	\$ 47,126	\$ -	\$ -	\$ -	\$ 51,335
Prepaid	49,732	17,602	27,507	-	-	-	94,841
Note Receivable	22,500	-	-	-	-	-	22,500
Restricted for:							
Tax Stabilization	171,351	60,054	142,364	-	-	-	373,769
Building	760,391	-	-	-	-	-	760,391
Equipment	-	-	545,950	-	-	-	545,950
Culverts	-	-	224,128	-	-	-	224,128
Open Space	-	224,308	-	-	382,062	-	606,370
Recreation	-	843,850	-	-	539,113	-	1,382,963
Committed for:							
Mitigation	-	2,653,747	-	-	-	-	2,653,747
Assigned to:							
2012 Budget	10,503	30,224	22,463	-	-	65	63,255
Health Insurance	324,172	162,481	382,267	-	-	-	868,920
Part-town Activities	-	925,238	-	-	-	-	925,238

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**TOWN OF MALTA, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

Note 8 Fund Balances, continued

Highway	-	-	760,759	-	-	-	760,759
LFTC Campus	353	4,975	82,964	-	-	-	88,292
Land Acquisition	24,142	-	-	-	-	-	24,142
Recreation	-	-	-	-	215,300	-	215,300
Lighting	-	-	-	-	-	3,333	3,333
Sewer	-	-	-	-	-	1,892	1,892
Fire Protection	-	-	-	22,306	-	-	22,306
Unassigned	<u>1,285,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,038</u>
Total	<u>\$2,652,391</u>	<u>\$4,922,479</u>	<u>\$2,235,528</u>	<u>\$22,306</u>	<u>\$1,136,475</u>	<u>\$5,290</u>	<u>\$10,974,469</u>

Nonspendable

Inventory – represents amounts equivalent to the amount of inventory on hand which is not considered to be in spendable form.

Prepaid – represent amounts equivalent to prepaid expenditures which are not considered in spendable form.

Note receivable – monies due from the Malta Ambulance Corp. for building construction costs which is not considered to be in spendable form.

Restricted

Tax Stabilization Reserve - Pursuant to General Municipal Law, Section 6-e, the Town has established a Contingency and Tax Stabilization Reserve.

Building Capital Reserve – Pursuant to General Municipal Law, Section 6-c, the Town has established a Building Capital Reserve to finance the cost of future Town building and improvement projects.

Highway Equipment Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established a highway equipment reserve.

Culvert Repair Capital Reserve - Pursuant to General Municipal Law, Section 6-d, the Town has established a culvert repair capital reserve.

Open Space Capital Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established an Open Space Capital Reserve to finance the acquisition, development, preservation and protection of open spaces, agricultural lands, water resources, trails, plant and wild life habitat, scenic views and vistas located within the Town including their development rights.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
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Note 8      Reserved Fund Balances, continued

Park Capital Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established a Park Capital Reserve for purpose of providing sufficient, well-located, active and passive recreational opportunities for Town residents.

Round Lake Project – Monies transferred from the Open Space Reserve to a capital projects fund to develop Towns lands along Round Lake as a park.

LFTC Park Project – Contributions specifically designated combined with monies allocated from recreation mitigation fees in a capital projects fund for the development of approximately 30 acres of land into a recreational field complex.

Committed

Mitigation – Monies obligated for mitigation associated with future land development as a result of Town Board adopted SEQR determination. The balance of these mitigation funds as of December 31, 2011 were visual \$1,105,080, recreation \$1,075,159, open space \$17,956, traffic \$379,210 and planning \$76,342.

Assigned

Health Insurance – Monies designated by Town Board resolution toward the Town’s post-employment health care benefit obligation.

Luther Forest Technology Campus ( “LFTC”) – Monies assigned for highway related expenditures for the roads within the LFTC project pursuant to planned development legislation and associated agreements.

Land Acquisition – Monies assigned for brush control land acquisition.

Significant Encumbrances

The Town has two significant encumbrances outstanding at year end. One relates to the Highway Department for a new truck for snow and ice removal for \$195,000 and the second relates to the construction of the new LFTC recreational field complex for \$250,000.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 9

Reconciliation of Governmental Fund Balances to Net Assets and Net Changes in Fund Balances  
 – Total Government Funds to Change in Net Assets of Governmental Activities

The “total fund balances” of the Town’s governmental fund balances differs from the “net assets” of governmental activities reported in the statement of net assets primarily due to differences from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Reconciliation of governmental fund balances to net assets:

Governmental fund balances	\$ 10,974,469
Reflect capital assets net of accumulated depreciation	51,005,519
Eliminate interfund investment for sewer improvements	(40,000)
Reflect outstanding bonds	(3,050,000)
Record Post Employment liability	(886,977)
Recognize unearned fine revenues and accrued interest	26,634
Reflect volunteer service award programs	65,450
Government activities net assets	<u>\$ 58,095,095</u>
Net changes in fund balances – total government funds	\$ (924,197)
Capitalize capital assets acquisitions and improvements	1,963,654
Record depreciation expense, net	( 2,549,273)
Reflect loss on disposal of fixed assets	( 5,683)
Payments on Community Center bonds	125,000
Recognize other post employment benefits expense	(452,643)
Recognize accrued and prepaid expense, interfund debt service and deferred revenues	<u>3,739</u>
Change in net assets of governmental activities	<u>\$ (1,839,403)</u>

Capital assets that are to be used in governmental activities that are purchased or constructed are reported as expenditures in governmental funds. However, the statements of net assets includes those capital assets of the Town as a whole and the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense in the statement of activities as well as the gain or loss on the disposal of the fixed assets.

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*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
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Note 9 Reconciliation of Governmental Fund Balances to Net Assets and Net Changes in Fund Balances – Total Government Funds to Change in Net Assets of Governmental Activities, continued

Non-current liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly not reported as fund liabilities. All liabilities, both current and non-current are reported in the statement of net assets including other post employment benefits. Repayment of bond principal is reported as an expenditure in governmental funds, but for the Town as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Note 10 Retirement Benefits

Plan Description

The Town participates in the New York State and Local Employees' Retirement System and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of the funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. The Systems report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined after July 27, 1976 who contribute 3% of their salary for the first ten years of membership in the System and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions. The required contributions for the current year and two preceding years, which represent 100% of the contributions required for each year, were as follows:

	<u>Contribution</u>
2011	\$312,998
2010	\$214,205
2009	\$139,143

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*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 10 Retirement Benefits, continued

Chapter 260 of the Laws of 2004 and Chapter 57 of the Laws of 2010 of the State of New York were enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years. These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The Town of Malta elected to make full payment of their retirement bill.

Note 11 Post Employment Benefits

In accordance with GASB Statement #45 - Accounting for Post-Employment Benefits, the following information has been summarized from the Town's actuarial report since the Town provides post-employment benefits to its employees and retirees:

Plan Types

The Town offers the Capital District Physician Health Plan, the Blue Shield Health Plan and the New York State Health Plan as health plans. Until April 2011 union employees had to elect the Teamster Union Medical Plan. For post 65 retirees MVP Gold is the preferred plan.

Eligibility

If hired prior to January 1, 1996, an employee is eligible for post employment benefits at age 55 with ten years of service. If hired on or after January 1, 1996 and prior to July 1, 2008, an employee is eligible for benefits at age 55 with twenty years of service. If hired on or after July 1, 2008, an employee is eligible for benefits at age 62 with twenty years of service.

Benefits/Cost Sharing

For all employees hired to January 2, 1990, the Town pays 100% of the "designated plan" medical premium. For all employees hired on or after January 2, 1990 and prior to January 3, 2002, the Town pays 90% of the "designated plan" medical premium. For all employees hired on or after January 3, 2002, the Town pays 85% of the "designated plan" medical premium. For all non-union employees only hired after January 1, 2009 the Town pays 80% of the "designated plan" medical premium.

Spouse and Surviving Spouse Benefit

The Town pays a percentage of the medical premium according to the above schedule for retirees. Surviving spouses can continue coverage for life and are required to contribute 25% of the medical premium.

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 11 Post Employment Benefits, continued

Annual Per Person Covered Medical Premiums

<u>Plan</u>	<u>As of January 1, 2010</u>
CDPHP	\$5,117
Blue Shield	\$7,516
Union	\$5,880
NYS Health Plan	\$3,686
MVP Gold	\$2,321

Medicare Part B

The Town reimburses the retiree for payment of Medicare part B Premium which was \$1,157 for 2010. Additionally, the Town reimburses the retiree for payment of the Medicare Part B premium for their Medicare eligible spouse during the retiree's lifetime.

In accordance with GASB Statement #45 - Accounting for Post-Employment Benefits, the following information has been summarized from the Town's actuarial reports for the years ended December 31, 2010, 2011 and 2012:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Annual Required Contribution (ARC)	\$519,745	\$550,992	\$ 583,775
Interest on net OPEB Obligation	-	17,373	35,479
Adjustment to ARC	-	(18,909)	(39,564)
Annual OPEB Cost	519,745	549,456	579,690
Contributions Paid	<u>85,411</u>	<u>96,813</u>	<u>113,247</u>
Increase in net OPEB Obligation	434,334	452,643	466,443
Net OPEB Obligation, beginning of year	-	<u>434,334</u>	<u>886,977</u>
Net OPEB Obligation, end of year	<u>\$434,334</u>	<u>\$886,977</u>	<u>\$1,353,420</u>

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2010, 2011 and 2012 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
2010	\$519,745	16.4%	\$ 434,334	\$1,708,863	30.41%
2011	\$549,456	17.6%	\$ 886,977	\$1,751,585	31.37%
2012	\$579,690	19.5%	\$1,353,420	\$1,795,375	32.29%

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 11 Post Employment Benefits, continued

Funded Status and Funding Progress

Actuarial Valuation Date	1/1/2010
Actuarial Value of Assets (a)	\$ -
Actuarial Accrued Liability (AAL) (b)	\$5,341,062
Unfunded AAL (UAAL) (b-a)	\$5,341,062
Funded Ratio (a/b)	0.0%
Covered Payroll (c)	\$1,708,863
UAAL as a Percentage of Payroll (AAL) ((b-a)/c)	312.55%

Methods and Assumptions

Interest Rate	4.00%
2010 Medical Trend Rate	11.00%
Ultimate Medical Trend rate	5.00%
Year Ultimate Medical Trend Rate Reached	2022
Actuarial Cost Method	Entry Age Normal
Remaining Amortization Period at 12/31/10	30 Years
Annual Payroll Increase	2.50%

The annual OPEB cost was charged to the following functions:

General Government	\$ 99,057
Transportation	220,768
Culture and recreation	48,700
Home and Community Services	<u>84,118</u>
Total	<u>\$452,643</u>

In November 2011 the Town Board assigned \$868,668 of the Town's fund balance towards the Town's net other post-employment benefit obligation and set aside the corresponding amount in designated cash.

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 12 Volunteer Firefighter Service Award Program

Plan Description

In connection with the Town's fire protection service contracts with the Village of Round Lake and a local volunteer fire company, the Town/Village, by mandatory referendum, implemented a volunteer firefighter service award program effective January 1, 1999 pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The program is a defined benefit retirement plan covering active volunteer firefighters who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer firefighter service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for the years 1990 through 1998 up to a maximum of 5 years for all eligible volunteer firefighters. Prior service benefits were amortized and funded by the Town. In December 2007 the Town/Village, by mandatory referendum, amended the program to provide a monthly service award of \$20 for years beginning January 1, 2008. As of December 31, 2010 one hundred thirty-one (131) volunteer firefighters participate in the program.

Funding Policy

The Town's funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The contribution rate is determined using the attained age normal frozen initial liability cost method. Under this cost method, there are two components to the annual cost each year. The first component, the "normal" cost component, is equal to the level of annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program and before entitlement age. The second component, the annual amortization cost component, equals the level of annual payments required to fund over the amortization period(s), the participants' benefits, if any, based on 1) the service credit earned before the effective date of the service award program or service credit earned after the attainment of entitlement age or 2) plan amendments that create an immediate unfunded liability and are required to be amortized. The cost is based on the average length of time from the valuation date to the entitlement age for current participants. Under the attained age normal frozen initial liability cost method, actuarial gains and losses are amortized over the future years of firefighting service before entitlement age for the group of firefighters participating in service award program on the valuation date.

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 12 Volunteer Firefighter Service Award Program, continued

Actuarial Assumptions

Significant actuarial assumptions used in the valuation are as follows:

- \* An investment rate of return of 6.0%
- \* All participants survive to entitlement age and earn 50 points in each year
- \* Lump sum distributions upon entitlement age sufficient to purchase a ten year continuous and certain life annuity
- \* Present value increases in monthly service award payment due to service credit earned in a year after the year in which a participant reaches the entitlement are amortized over 3 years at 6.0%.

Fiduciary Investment and Control

Service credit is determined by the Town/Village Board, based on information certified to the Town/Village board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the Town/Village board.

The Town/Village board has retained and designated Penflex, Inc. to assist in the administration of the program. Disbursements of program assets for the payment of benefits or administrative expenses must be approved the Town. The Town/Village is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated May 1999, and the trustee is Town Board/Village Board of Trustees. Authority to invest program assets is vested in Service Award Program Investment Policy. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Firefighter Service Award Program for the years ended December 31, 2010 and 2009:

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 12 Volunteer Firefighter Service Award Program, continued

Annual Service Award Program Cost and Net Pension Asset

	<u>2010</u>	<u>2009</u>
Normal Program Cost	\$95,099	\$95,467
Post EA Service Cost	<u>15,296</u>	<u>7,884</u>
Total required contribution	110,395	103,351
Interest on net pension asset	(3,825)	(3,487)
Adjustment to annual required contribution	<u>4,034</u>	<u>4,500</u>
Annual Service Award Program Cost (1)	110,604	104,364
Contributions Made	<u>115,000</u>	<u>110,000</u>
Increase in net pension asset	4,396	5,636
Net pension asset beginning of year	<u>63,748</u>	<u>58,112</u>
Net pension asset end of year	<u>\$68,144</u>	<u>\$ 63,748</u>

(1) – Administration fees of \$5,778 in 2010 and \$6,587 in 2009 were paid from the respective excess contributions of those years.

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 202,691	\$187,164	\$144,480
Terminated volunteers entitled to but not yet receiving benefits	96,536	81,256	71,523
Active volunteer firefighters	<u>434,473</u>	<u>358,878</u>	<u>309,961</u>
Total present value of accrued benefits	733,700	627,298	525,964
Net assets available for benefits	<u>715,957</u>	<u>564,792</u>	<u>398,350</u>
Unfunded actuarial liability	<u>\$ 17,743</u>	<u>\$ 62,506</u>	<u>\$127,614</u>

Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Program Cost (APC)	Percentage of APC <u>Contribution</u>	Net Program <u>Assets</u>
2008	\$103,450	106%	\$58,112
2009	\$104,364	105%	\$63,748
2010	\$110,604	104%	\$68,144

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 13 Volunteer Ambulance Worker Service Award Program

Plan Description

In connection with the Town's emergency service contract with a local volunteer ambulance company the Town, by mandatory referendum, implemented a volunteer ambulance worker service award program effective January 1, 2001 pursuant to General Municipal Law. The program is a defined benefit retirement plan covering active volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for up to a maximum of 5 years for all eligible volunteer ambulance workers. Prior service benefits were amortized and funded over a five year period by the Town. In December 2007, the Town, by mandatory referendum, amended the program to provide a monthly service payment of \$20 and to allow volunteers to continue to earn service credit after retirement age effective January 1, 2008. As of December 31, 2010 twenty-four (24) volunteer ambulance workers participate in the program.

Funding Policy

The Town's funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The contribution rate is determined using the attained age normal frozen initial liability cost method. Under this cost method, there are two components to the annual cost each year; annual prior service cost and normal cost. The annual prior service cost equals the annual payment required to fund over the prior service funding period, the portion of the current's participants' projected benefits at entitlement age which is based on the service credit volunteer ambulance workers earned before the effective date of the service award program. The "normal" cost component is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program. The cost is based on the average length of time from the valuation date to the entitlement age for current participants. Under the attained age normal frozen initial liability cost method, actuarial gains and losses are amortized over the future years of volunteer service before entitlement age for the volunteers participating in service award program on the valuation date.

Actuarial Assumptions

Significant actuarial assumptions used in the valuation of the estimated program cost for the referendum are as follows:

See independent auditor's report

**TOWN OF ALTA, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

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Note 13 Volunteer Ambulance Worker Service Award Program, discontinued

\* An investment rate of return of 6.5% is assumed for the purpose of determining the present value of the award.

\* All participants survive to entitlement age and earn 50 points each year.

\* Service award benefit payment in form of a straight life annuity.

Fiduciary Investment and Control

Service credit is determined by the Town Board, based on information certified to the Town Board by the ambulance squad having members who participate in the program. The ambulance squad must maintain all required records on forms prescribed by the Town Board. The New York State Comptroller's Office is responsible for the administration of the program. The service credit records are submitted to a 3<sup>rd</sup> party program administrator to the New York State Comptroller's Office. The program assets are held in trust by LOS for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying reasonable expenses of the operation and administration of the program. The Comptroller's Office has established the necessary trust and also is responsible for the investment of the trust's assets.

In accordance with GASB Statement 27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Ambulance Worker Service Award Program for the year ended December 31, 2010 and 2009:

<u>Annual Service Award Program Cost and Net Pension Asset</u>		<u>2010</u>		<u>2009</u>	
Normal Program Cost		\$11,230		\$19,981	
Contribution Timing Adjustment		543		1,121	
Administration Fees		-		3,200	
Total required contribution		11,773		24,302	
Interest on net pension obligation		178		755	
Adjustment to annual required contribution		(224)		(926)	
Annual Service Award Program Cost		11,727		24,131	
Contributions Made		11,773		33,000	
Decrease in net pension obligation		(46)		(8,869)	
Net pension asset obligation beginning		2,740		11,609	
Net pension asset obligation end		\$ 2,694		\$ 2,740	

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 13 Volunteer Ambulance Worker Service Award Program, continued

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 36,346	\$ 34,873	\$ 8,961
Terminated volunteers entitled to but not yet receiving benefits	15,902	10,440	9,802
Active volunteer ambulance workers	<u>56,784</u>	<u>54,345</u>	<u>69,880</u>
Total present value of accrued benefits	109,032	99,658	88,643
Net assets available for benefits	<u>173,173</u>	<u>130,913</u>	<u>87,310</u>
(Over)Unfunded actuarial liability	<u>\$(64,141)</u>	<u>\$(31,255)</u>	<u>\$ 1,333</u>

Three-Year Trend Information

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Program</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contribution</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$11,727	100%	\$ 2,694
2009	\$24,131	137%	\$ 2,740
2008	\$31,043	101%	\$11,609

Note 14 Deferred Compensation

The Town is a participant in the New York State Deferred Compensation Program ("Plan") and the New York State Deferred Compensation Board are the trustees of the Plan. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. The Town invests all amounts of compensation deferred under the Plan, at the direction of the covered employee. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the employee and their beneficiaries. In accordance with GASB Statement #32 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, municipalities should report only those plans in which all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result the market value of the Plan's assets totaling \$1,151,430 as of December 31, 2011 has not been reported in the fiduciary fund financial statements.

See independent auditor's report

**TOWN OF MALTA, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

Note 15      Operating Transfers and Interfund Balances

During the course of normal operations, the Town records numerous transactions between funds including expenditures for the provision of services as well as transfers between funds to finance various projects. Individual fund operating transfer revenues and expenses arising from these transactions as of December 31, 2011 were as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Purpose of Expense</u>
Townwide General Fund	\$ 211,110	\$ -	
Town Outside Village General Fund	\$ -	\$1,098,540	Primarily Recreation Projects
Court Improvement Capital Project	\$ -	\$ 4,510	Court Project Closeout
LFTC Park Capital Project	\$ 653,800	\$ -	
Community Center Capital Project	\$ -	\$ 100,000	Debt Service
Round Lake Preserve Capital Project	\$ 347,740	\$ -	
Bikeway Capital Project	\$ -	\$ 9,000	Pedestrian Access Grants
Water Supply Fund	-	600	Administrative Services
	<u>\$1,212,650</u>	<u>\$1,212,650</u>	

Individual fund interfund receivable and payable balances arising from these transactions as of December 31, 2011 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Townwide General Fund	\$ 65,605	\$ -
Burton Meadows Lighting District	-	156
Trust & Agency	-	65,449
Total	<u>\$ 65,605</u>	<u>\$ 65,605</u>

Amounts collected by the Town Courts in December of 2011 which were transferred to the town-wide general fund in January 2012 have been reflected as cash and eliminated from the statements of net assets and fiduciary net assets as an interfund transaction.

Note 16      Indirect Cost Allocations

Indirect expenses for centralized services such as building and grounds, postage, computers and insurance have been allocated as follows in the statement of activities:

Transportation	\$ 8,476
Culture and Recreation	104,634
Home and Community Services	<u>6,913</u>
	<u>\$120,023</u>

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 17      Commitments and Contingencies

Litigation

The Town becomes involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and suits contesting assessments. One contested assessment involves Globalfoundries U.S. Inc. who is seeking a reduction of their assessments from \$160,000,000 to \$56,000,000 for 2010 and from \$400,000,000 to \$210,000,000 for 2011 . The Town intends to defend all of these claims vigorously. As of December 31, 2011 no adjustments have been made to the financial statements since the Town is unable to reasonably estimate the final outcome of these claims.

Insurance

The Town participates in a self-insurance plan for workers' compensation under County of Saratoga Local Law No. 1 and 2 of 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan, which currently has 54 participants, is open to any eligible municipality or public entity for participation. The County of Saratoga, New York is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's third party suits; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2011 the Town's workers' compensation premium was \$33,045. The Town's annual workers compensation premium is included in the County tax levy for the given fiscal year, therefore no expenditure is reflected in the Town's financial statements for workers' compensation. For the year ended December 31, 2010 (last available information) the plan had a reserved balance of \$5,882,000. Claims and judgments are recognized consistent with requirements of GASB Statement No. 10 Accounting and Financial Reporting for Risk Financial and Related Insurance Losses, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liabilities of \$13,835,000 at December 31, 2010, were recorded as accrued liabilities by the County. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020.

The Town contracts with a commercial insurer for property and casualty insurance coverage.

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 17      Commitments and Contingencies, continued

Environmental Concerns

The Town is engaged in many activities (ie, highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2011 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

Economic Development

In connection with commercial, residential or other economic development, the Town requires the developer/owner to provide the Town with a letter of credit or performance bond at the time of the final submission of the plans to cover the full cost of the improvements. The amount of the letter of credit or performance bond is based upon a construction cost estimate prepared by the developer/owner that is reviewed by the Town's engineers and approved by the Town. The Town has called a letter of credit in the amount of \$136,366 on one residential development in order to facilitate repairs to the roads within the development and this amount has been reflected as unearned revenue as of December 31, 2011. The necessary road repairs will be performed by either the Town or the developer in the spring and as of the date of this financial report the Town estimates the letter of credit should be sufficient to cover the cost of the actual road repairs not including the curbing. Aside from this one development the Town is not aware of any project for which there is not an adequate letter of credit or performance bond.

The Town has been awarded grants for such purposes as economic development, road construction, disasters and recreation which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowance and a request for a return of funds to the federal and State governments. Based upon past audits, the Town believes disallowances, if any, will be immaterial and no adjustments have been made to the financial statements for the year ended December 31, 2011.

Luther Forest Technology Campus Road Project

In 2010 the Town completed construction of 5.5 miles of road and related amenities for the Luther Forest Technology Campus which was funded with NYS Multi-modal grants and New York Economic Development Capital Program grants. The Town also entered into several agreements with the Luther Forest Economic Development Corporation (LFTCEDC) relating to the construction and post construction requirements of the project including such items, but not limited to, permit compliance and monitoring, conveyance, host benefit

See independent auditor's report

*TOWN OF MALTA, NEW YORK*  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2011*

Note 17      Commitments and Contingencies, continued

contributions, infrastructure maintenance and funding. The Luther Forest Technology Campus is responsible for providing the necessary revenues to the Town for the current and long-term maintenance of the LFTC interior roads.

CK Sanitary Sewer System, Inc.

In 2004, CK Sanitary Sewer System, Inc. ("Sewer System") was abandoned to the Towns of Malta and Clifton Park in accordance with Section 119 of Town Law. The Sewer System consists of all the sewage collection piping, manholes, and pump stations constructed to serve the properties in the service area. Subsequently sewer districts were formed by both Towns and an inter-municipal agreement entered into with the Town of Clifton Park relating to the ownership, maintenance and operation of the Sewer System since approximately 80% of the customers of the system are in the Town of Clifton Park. Accordingly, no financial information relating the Sewer System has been reflected in the Town's financial statements. A copy of this financial report may be obtained by writing to the Town of Clifton Park, 1 Town Hall Plaza, Clifton Park, New York 12065.

Summary financial information of the Sewer System as of December 31, 2011 is as follows:

Current assets	\$1,192,000
Current liabilities	\$ 49,000
Fund balance	\$1,143,000
Revenues	\$ 780,000
Expenditures	\$ 654,000

GlobalFoundries Construction Inspection Services

In connection with the construction of the GlobalFoundries nanotechnology facility, the Town has entered into a construction inspection services agreement for which GlobalFoundries is responsible for payment pursuant to the planned development legislation. The amended contract amounts for these construction and tool inspection services is \$3,543,000 of which approximately \$3,010,000 has been incurred as of December 31, 2011. In February 2012 the Town authorized additional construction and tool inspections services in the amount of \$879,000.

Note 18      Subsequent Events

In February 2012 the Town established a highway garage expansion capital project in the amount of \$40,000 for further architectural design, engineering and cost estimating services.

See independent auditor's report

**ADDITIONAL REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT ON FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Town Board  
Town of Malta, New York

We have audited the financial statements of the Town of Malta as of and for the year ended December 31, 2011, and have issued our report thereon dated April 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Malta's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance**

As part of obtaining reasonable assurance about whether the Town of Malta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and the Town Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
April 18, 2012

# Town of Malta Revenue Comparison



# Town of Malta Expenditure Comparison

